



PRIVATE SCHOOL CHOICE PROGRAMS & SPECIAL NEEDS SCHOLARSHIP PROGRAM INFORMATIONAL BULLETIN

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COVID Funding

This bulletin provides information on how COVID relief funds should be included in the Private School Choice this Programs (PSCP) and Special Needs Scholarship Program (SNSP) financial audit reserve balance schedules under §§§ 115.7915(6) (e), 118.60 (7) (am), and 119.23 (7) (am), Wis. Stats., and Wisconsin Administrative Codes PI 35.09, PI 35.10, PI 48.09, PI 48.10, PI 49.08 and PI 49.09.

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Financial Audit Reserve Balance Schedules Overview

As part of the financial audit, schools are required to submit a supplemental schedule, also known as the reserve balance schedule, that calculates the school's net eligible education expenses for program participants. The supplemental schedule calculates the PSCP/SNSP reserve balance by comparing the revenue received from the respective program to the net eligible education expenses for pupils participating in the respective program. The net eligible education expenses are calculated as the eligible education expenses less offsetting revenue. Offsetting revenue includes government assistance revenues received for eligible education expenses. If any offsetting revenue is partially used for educational programming and partially used for non-educational programming, an allocation method must be used to determine the portion that is related to educational programming. See the PSCP Eligible Education Expenses Bulletin and the SNSP Eligible Education Expenses Bulletin on the [PSCP Bulletins webpage](#) and [SNSP Bulletins webpage](#) for additional information on methods of allocating revenues.

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How the reserve balance is calculated in the reserve balance schedule is dependent on whether the school completes a standard financial audit or a modified financial audit. If the school completes a standard financial audit, the eligible education expenses are calculated as the expenses in the Statement of Activities less the expenses that are not eligible. If the school completes a modified financial audit, only the expenses that are eligible education expenses are included in the supplemental schedule. The expenses of the legal entity of the school that have been excluded from eligible education expenses are identified at the bottom of the modified financial audit reserve balance schedule. Among other requirements, the expenses must have been incurred and have already been paid or will be paid in a future school year.

For more information on the eligible education expenses, including the expenses that are not eligible, see the PSCP Eligible Education Expenses Bulletin and the SNSP Eligible Education Expenses Bulletin on the [PSCP Bulletins webpage](#) and [SNSP Bulletins webpage](#). Additionally, the Financial Audit and PSCP/SNSP Reserve Balance Bulletin, which explains how to calculate of net eligible education expenses, is available on both of those webpages.

COVID Related Funding PSCP & SNSP Accounting Overview

Except for the forgiven portion of Paycheck Protection Program (PPP) loans, COVID related funding must be accounted for consistent with Wisconsin Administrative Codes PI 35.09, PI 35.10, PI 48.09, PI 48.10, PI 49.08 and PI 49.09. Under these administrative rules, COVID related funds that are used for eligible education expenses must be accounted for one of two ways:

- **Government Assistance:** If the financial audit includes revenue from a government agency and the expenses that were funded with the revenue are educational programming related, the revenue must be included on the offsetting government assistance line of the reserve balance schedule.
- **Other Contribution/Fixed Asset Contribution:** If the school did not expend any cash for the expenses, the expenses are not eligible under Wisconsin Administrative Codes PI 35.09, PI 35.10, PI 48.09, PI 48.10, PI 49.08 and PI 49.09. These expenses (including fixed asset expenditures) where the school did not expend any cash must be recorded in the financial audit reserve balance schedule as described below:
 - **Standard Reserve Balance Schedule:** If the school uses the standard reserve balance schedule and the expenses were included in the total expenses on the Statement of Activities, the related expenses must be in the ineligible expenses on the reserve balance schedule. If the contribution was used for fixed asset purchases, the depreciation expense for the asset must be included on the Ineligible Depreciation Expense line in the reserve balance schedule. If the amount was used for fixed assets, the fixed asset note should disclose the contributed fixed asset amount and related depreciation. If the amount is for any other contribution, the contributed amount must be included on the Contributed Expenses Other Than Fixed Assets line in the reserve balance schedule.
 - If the school uses the modified reserve balance schedule, the contributed amount cannot be included in the eligible expenses section and the contributed items box must be checked at the bottom of the schedule.

One example of general COVID related funding the school may receive is the additional funds available through the [E-Rate Program](#) due to COVID. These funds must be accounted for using one of the options above in the financial audit. The remaining bulletin provides more information on specific COVID related funding, including the forgiven portion of PPP loans.

Emergency Assistance for Non-Public Schools (EANS)

Under the federal Emergency Assistance for Non-Public Schools (EANS) program, eligible private schools in Wisconsin may receive services or assistance. Information regarding EANS funding, including information on what types of costs may be reimbursed, is available at <https://dpi.wi.gov/crrsaa/eans>.

Overview of EANS Funds Options

Schools have two options for how they may use their EANS funds:

- 1) *Reimbursement Model*: The school may seek reimbursement for certain allowable costs the school incurred on or after March 13, 2020. The school may also budget for allowable costs they plan to incur and seek reimbursement for in the future.
- 2) *Request Services or Assistance*: The school has the option to budget for future requested services or assistance.

A private school has the option to split its EANS allocation between these 2 options. For example, if a school's first EANS allocation is \$10,000, it could get reimbursement for \$1,000 and request services or assistance for the remaining \$9,000.

Reimbursement Model

Under the reimbursement model, the school will receive a reimbursement for costs it incurs for expenses that are eligible under the EANS program. EANS states that if a cost for materials, equipment, or property is reimbursed, the item will no longer be the property of the private school. As a result, the Department generally recommends that any fixed assets that are funded through the EANS program **not** be included in the school's financial audit. Additionally, the Department recommends that any reimbursed expenses should **not** be included in the school's financial audit since they are not considered expenses of the private school. If the school chooses to include any reimbursed fixed assets, reimbursed expenses, or EANS reimbursements as revenue in the financial audit, the revenue must be included as offsetting government assistance in the reserve balance schedule if the expenses that were reimbursed were included in eligible education expenses.

If a school chooses to get reimbursed for a cost that it incurred during the 2019-20 school year, it will need to reduce the eligible education expenses in the reserve balance schedule(s) for the expenses that were paid for by the EANS program. In the 2020-21 Reserve Balance schedule(s), the adjustment for 2019-20 reimbursed expenses must be included one of two ways:

- 1) Any expenses that were included in the 2019-20 eligible education expenses that have now been reimbursed must be included as a negative in the prior year adjustments line(s) of the reserve balance schedule(s) if the expenses are removed from the Statement of Activities.
- 2) If the amount was recorded as government assistance revenue, it must be included in offsetting government assistance on the reserve balance schedule(s).

If the school is reimbursed for eligible education expenses included in the 2019-20 financial audit reserve balance schedule and the school uses the Department's recommended approach of removing the materials, equipment, or property reimbursed by EANS from the prior year Statement of Activities in the 2020-21 financial audit, the school must complete the following:

- 1) Remove the expenses for which the school received reimbursement from the Statement of Activities for the year ended June 30, 2020.

- 2) If the reimbursement was for a fixed asset, remove the fixed asset from the Statement of Financial Position as of June 30, 2020.

Request Services or Assistance

If a school chooses to request services or assistance, the funds should be treated similar to Title funds. The private school will not receive any EANS funds directly or pay any expenses. As a result, the EANS related revenue and the expenses for the services or assistance should not be included in the financial audit.

Elementary and Secondary School Emergency Relief I (ESSER I)

Between March of 2020 and 2021, Congress passed three stimulus bills that provided funding under the Elementary and Secondary Emergency Education Relief Fund (ESSER) to local educational agencies (LEAs) in Wisconsin. These funds provide emergency financial assistance to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools. Each LEA must designate a portion of the ESSER I funds, which was the ESSER funds in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, to address the needs of private school students, as well as their families and teachers, resulting from the COVID-19 pandemic. This funding supports what is known as “equitable participation.” Private schools choosing to take advantage of services and benefits supported by CARES Act funds must work together with LEA staff to determine what equitable services and benefits will be provided by the LEA. For general information on the ESSER I requirements see the [DPI ESSER webpage](#).

The CARES Act requires that an LEA maintain all control of federal funds, materials, equipment, and property. LEAs may make purchases and contract for services on behalf of the private school but shall not reimburse the private school for any purchases or contract of services made by the private school (CARES Act, Section 18005(b)). These funds should be treated similar to Title funds. The ESSER I related revenue and the expenses for the services or assistance should not be included in the financial audit.

Governor's Emergency Education Relief (GEER) Grant Program

The Governor's Emergency Education Relief (GEER) Grant Program, which was part of the CARES Act, provides funds to help LEAs respond to changes in student needs due to COVID-19 (CARES Act, Section 18002). The CARES Act required DPI to determine which LEAs were most impacted by COVID-19, and only those LEAs determined to be most impacted are eligible for the funds. For general information on the GEER Grant program requirements see the [DPI GEER Grant program webpage](#).

Equitable participation for private school students applies to GEER grant funds. The process for this grant is the same as that for ESSER I funds for those LEAs that receive a GEER grant. However, since all LEAs are not eligible, all private schools will not be eligible for equitable participation through the GEER grant. The accounting for GEER grant funds should also be treated similar to Title funds. The GEER grant related revenue and the expenses for the services or assistance should not be included in the financial audit.

Forgiven Paycheck Protection Program (PPP) Loans

The Department waived the 2019-20 requirement to include the forgiven portion of the Paycheck Protection Program (PPP) loan that was used for educational programming purposes as offsetting government assistance revenue in the Choice Programs and SNSP Reserve Balance Schedules. Additionally, the Department has promulgated an emergency administrative rule that indicates the forgiven portion of PPP loans used for educational programming does not need to be offsetting revenue in the reserve balance schedule. The emergency rule will result in the forgiven portion of the PPP loan not needing to be offsetting in the reserve balance schedule for the 2020-21 school year. Since administrative rules are only in effect for a limited period of time, the Department is working on a permanent administrative rule that would continue to exclude the forgiven portion of the PPP loans from offsetting revenue in the reserve balance schedules after the emergency administrative rule expires. However, that rule is subject to the legislative review and approval process.

Payroll Taxes Related Credits-ERC, FFCRA, & COBRA Premium Assistance Credit

The COVID relief legislation included several types of credits against certain payroll related taxes. The credits included are as follows:

- The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes.
- The Families First Coronavirus Response Act (FFCRA) requires certain employers to provide employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. The FCCRA includes the Paid Family Leave Refundable Credit and Paid Sick Leave Refundable Credit.
- The COBRA premium assistance credit provides for a temporary 100% reduction in COBRA premiums for individuals and their families who elect COBRA continuation coverage due to a loss in group health coverage as a result of a reduction in work hours or involuntary termination of their employment. The employer, insurer, or multiemployer plan to which the COBRA continuation premiums are payable then claims a refundable tax credit against its share of Medicare taxes.

Schools have two options for recording these credits. The first option is to record the credit as revenue. The second option is to record the credit net of the related expenses.

Option 1-Record as Revenue

If the school chooses to include the payroll expenses gross and include the credit as a contribution, the amount must be included in the reserve balance schedule as follows:

- 1) If the school did not pay the payroll related expenses covered by the credit to the government, the school must include the credit in the reserve balance schedule as explained in the [Other Contribution/Fixed Asset Contribution section above](#).
- 2) If the school recorded a credit as government assistance revenue and the credit was used for eligible education expenses that were paid, the school must include the credit in the reserve balance schedule as explained in the [Government Assistance section above](#).

Option 2-Record Credits Net of Expenses

If the above credits are presented net of the associated expenses in the school's Statement of Activities, the expenses would not be included in the Expenses on the Statement of Activities line in the standard reserve balance schedule and should not be included on the Salaries or Payroll Related Taxes and Benefits lines in the modified reserve balance schedule.

Financial Audit Disclosures

The notes to the financial audit should include disclosure of the COVID related funding the school received and how it is reflected in the financial audit and reserve balance schedules. The note below is an example note that could be used by schools. As a reminder, the sections above include information on how these items should be included in the financial audit. If the school records any COVID funding differently than one of the options described above, the school and/or auditor should reach out to the Department in advance to confirm the amount is properly included in or excluded from the reserve balance schedule and that any required disclosures are included in the notes to the financial statements. If the school received a PPP loan, the PPP note disclosure should indicate whether or not the PPP loan has been forgiven and the amount of the loan that was forgiven.

Example COVID Funding Note Disclosure

Between March of 2020 and 2021, Congress passed three stimulus bills. These bills included the following funding that was available to the school:

- The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) included Elementary and Secondary Emergency Education Relief Fund (ESSER) funds to local educational agencies (LEAs) in Wisconsin. These funds provide emergency financial assistance to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools. Each LEA must designate a portion of the ESSER funds in the CARES Act, to address the needs of private school students, as well as their families and teachers, resulting from the COVID-19 pandemic. This funding supports what is known as "equitable participation." The private school received services and benefits from the LEA through ESSER. The expenses and revenues associated with this program are not reflected in the financial statements, PSCP Reserve Balance Schedule, or SNSP Reserve Balance Schedule.
- The Governor's Emergency Education Relief (GEER) Grant Program, which was part of the CARES Act, provides funds to help LEAs respond to changes in student needs due to COVID-19. The CARES Act required DPI to determine which LEAs were most impacted by COVID-19, and only those LEAs determined to be most impacted are eligible for the funds. Equitable participation for private school students applies to GEER grant funds. The private school received services and benefits from the LEA through the GEER grant. The expenses and revenues associated with this program are not reflected in the financial statements, PSCP Reserve Balance Schedule, or SNSP Reserve Balance Schedule.
- The Emergency Assistance for Non-Public Schools (EANS) program was established in the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act) to provide services or assistance to eligible non-public schools to address educational disruptions caused by COVID-19. The school was reimbursed for certain expenses through the EANS program. The following chart provides information on these reimbursed expenses:

School Year	Amount Reimbursed	Amount Related to K-12 th Grade Educational Programming	Amount of Reimbursement Used for Fixed Assets	Included in Financial Statements	Reserve Balance Schedule
2019-20	{amt}	{amt}	{amt}	{N/A-Expense not included in 2019-20 financial statements, Removed expense from financial statements, Government Assistance Revenue}	{If expense or revenue not included in 2019-20 or 2020-21 financial audit: “N/A” – or – If expense removed from financial statement: “Adjustments to Prior Year Net Eligible Education Expenses line” – or – If included as Government Assistance Revenue: “Offsetting Government Assistance Revenue”}
2020-21	{amt}	{amt}	{amt}	{Expense excluded from financial statements -or-Government Assistance Revenue}	{If expense excluded from financial statements: “N/A” – or – If included as Government Assistance Revenue: “Offsetting Government Assistance Revenue”}

Additionally, the school {received/did not receive} services and assistance directly from a Cooperative Educational Service Agency (CESA) or contracted by a CESA. The expenses and

revenues associated with these direct services are not reflected in the financial statements, PSCP Reserve Balance Schedule, or SNSP Reserve Balance Schedule.

- The Employee Retention Credit (ERC), Paid Family Leave Refundable Credit, Paid Sick Leave Refundable Credit, and the COBRA premium assistance credit are refundable tax credits against certain employment taxes. The following provides information on the credits taken by the school:

School Year	Credit Type	Total Credit	Credit Related to K-12 th Grade Educational Programming	Included in 2019-20 Financial Audit	Included in 2020-21 Financial Audit	Reserve Balance Schedule
2019-20	{type}	{amt}	{amt}	{ Yes- Net of Associated Expenses, Yes- Government Assistance Revenue, No }	{ Net of Associated Expenses, Government Assistance Revenue }	{ If 2019-20 Credit First Recorded in 2020-21 & Net of Associated Expenses: Adjustments to Prior Year Net Eligible Education Expenses line -or- If in 2019-20 Financial Audit & Net of Associated Expenses: "N/A" – or – If Included in 2019-20 Financial Audit & Government Assistance Revenue: "Offsetting Government Assistance Revenue in 2019-20" – or – If 2019-20 Credit First Recorded in 2020-21 & Government Assistance Revenue: "Offsetting Government Assistance Revenue in 2020-21" }

2020-21	{type}	{amt}	{amt}	N/A	{Net of Associated Expenses, Government Assistance Revenue}	{If Net of Associated Expenses: “N/A” – or – If Included as Government Assistance Revenue: “Offsetting Government Assistance Revenue”}
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